

FISCAL NOTE

SB 2911 - HB 3072

March 2, 2004

SUMMARY OF BILL: Directs the Department of Transportation to begin planning, site selection, design, engineering and right-of-way acquisition for the construction of a four-lane toll road from the Tri-Cities Airport to Nashville. The road would be required to go through Hawkins, Hancock, Claiborne, Campbell, Scott, Fentress, Overton, Jackson, Smith, Wilson, and Davidson counties. Additionally, the road should go through economically distressed areas of these counties whenever practicable. The department is also required to collect tolls sufficient to pay for the construction, maintenance and repair of such toll roads.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$1,500,000,000 One Time / Highway Fund
\$3,000,000 Recurring / Highway Fund
Increase State Revenues - \$120,000,000 per year when fully
completed (\$400,000 per mile) / Highway Fund

Estimate assumes:

- The proposed route would cover approximately 300 miles.
- The estimated cost per mile is \$5,000,000. Therefore, the total cost of construction is $300 \times \$5,000,000 = \$1,500,000$.
- The estimated annual maintenance cost is \$10,000 per mile. Therefore, the annual cost of maintenance is $300 \times \$10,000 = \$3,000,000$.
- The increase in state revenues is based upon information provided by the International Bridge, Tunnel and Turnpike Association. According to the surveys of revenue derived from Toll Agencies in several states, the average amount of revenue generated per mile by toll roads was approximately \$400,000 in 2002 and 2003. Extending this rate per mile across Tennessee's 300 mile proposed route provides estimated revenue of \$120,000,000. However, in the absence of information about the number and location of toll collection points and the amount of toll charged for different types of vehicles at each point, it is impossible to derive a completely reliable estimate on the amount of revenue generated by the

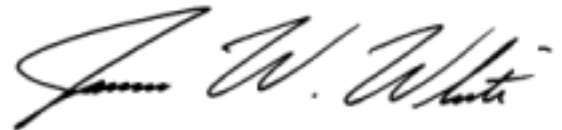
proposed toll road. Due to these factors, the average per mile revenue of toll roads varies between \$4,203,821 (Indiana) and \$71,777 (Kansas). Additionally, the bill makes no reference as to the allocation of revenues derived from the road. It is therefore assumed that all of the revenue will be retained by the state.

- The impact of the Class C misdemeanor provision for persons using the toll roads that do not pay depends upon the number of persons convicted of this offense and the resulting increased cost to local governments to confine such persons versus the increased revenues to local governments from fines levied and collected under the provisions of this bill.

For informational purposes - The language of the bill stipulates that the tolls imposed on such a road shall be sufficient to pay for its construction, maintenance and repair. The bill does not state the time period over which repayment for the costs of construction should occur.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director